



**December 31, 2018**

**Portfolio Inception Date** 10/31/2002    **Separate Account Date** 10/31/2002    **Total Portfolio Assets** \$795.8 million

**Portfolio Description**

Thrivent High Yield Portfolio invests primarily in corporate bonds that are either unrated or rated as “below investment-grade,” or “junk bonds.” Credit rating agencies evaluate bond issuers and assign ratings based on their ability to pay interest and repay principal as scheduled. Bond issuers that are considered to have a greater risk of defaulting on payments pay higher interest rates to compensate investors for the additional risk. The Portfolio is managed as a “core” high yield Portfolio that emphasizes bonds in the middle of the high yield credit quality spectrum. The high yield sector may provide portfolio diversification benefits because it has a low correlation to other sectors of the fixed-income market and less sensitivity to interest rate risk, but are more risky than investment-grade bonds. The Portfolio may also utilize derivatives for investment exposure or hedging purposes.

**Investment Strategy/Process**

The portfolio management team seeks to add value through security selection and active management, and monitors risk in an effort to build a well-diversified portfolio. The team uses fundamental, quantitative and technical investment research techniques to determine which securities to buy and sell. Through careful credit research, the team strives to identify U.S. companies that will have adequate cash flows to meet their principal and interest obligations. The team also considers the macro-economic environment and performs an ongoing assessment of relative value and risk. Based on this market outlook, the Portfolio may take overweight and underweight positions in various industries and may reallocate across the higher- and lower-quality segments of the high yield market.

**Growth of \$10,000 and Calendar Year Performance (%)**

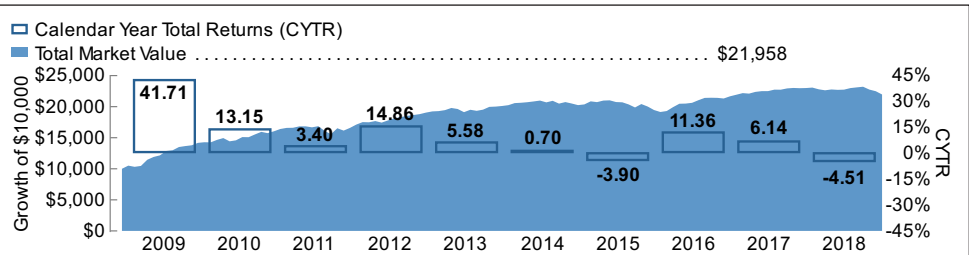


Chart represents the total market value if the contract is not surrendered. Performance reflects the deduction of current mortality and expense charge of 1.25% and applicable annual portfolio operating expenses. Performance of other contracts will be greater or less than the data shown based on the differences in contract charges and expenses paid by the contract holder.

**Trailing Returns — Average Annual (%)**

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Incept.
If Contract Is Held	-5.38	-4.51	-4.51	4.12	1.78	8.18	6.62
If Contract Is Surrendered	-11.34	-10.53	-10.53	2.53	1.22	8.18	6.62
BBgBarc U.S. Corporate High Yield Bond Index	-4.53	-2.08	-2.08	7.23	3.83	11.12	N/A
Lipper High Current Yield Funds Median <sup>1</sup>	-4.81	-2.87	-2.87	5.58	2.94	9.52	N/A

**All data represents past performance of the subaccount in Thrivent Flexible Premium Deferred Variable Annuity (Contract W-BC-FPVA (05)) and is no guarantee of future results. Total investment returns and principal value of an investment will fluctuate and units, when redeemed, may be worth more or less than the original investment. Current performance may be lower or higher than the performance data quoted. Market volatility can significantly affect short-term performance, and more recent returns may be different from those shown. Call 800-847-4836 for or visit Thrivent.com for the most recent month-end performance results. Data reflects the deduction of the current and maximum mortality and expense charge of 1.25% and applicable annual portfolio operating expenses. Annual expenses are subject to change. See the prospectus for detailed information on fees related specifically to this subaccount.**

Periods less than one year are not annualized. Trailing return calculations assume an initial investment of \$10,000. At various times the investment adviser may have reimbursed Portfolio expenses. Had the investment adviser not done so, the total returns would have been lower.

**Trailing returns do not include adjustments for annual administrative or additional feature charges. Maximum surrender charge is 7% if surrendered in the first year and decreases by 1% each subsequent year for the next six years. “If surrendered” data reflects the applicable surrender charge for the time period. “If held” values do not include surrender charges. “Since inception” returns are calculated from the later of the inception dates listed above and is based on the date the portfolio was added to the separate account used with this contract.**

<sup>1</sup>Source: Lipper. The Lipper median represents the median annualized total return for all reported portfolios in the classification. Lipper medians do not include sales charge/fees. If included, returns would have been lower.

**Investment Objective**

Thrivent High Yield Portfolio seeks to achieve a higher level of income. The Portfolio will also consider growth of capital as a secondary objective.

**Who Should Consider Investing?**

The Portfolio may be suitable for investors who:

- Seek a high level of income.
- Have a medium- to long-term investment time horizon and a moderate risk tolerance.
- Are comfortable with a higher level of risk and volatility compared to other bond portfolios.

**Portfolio Operating Expense Ratio**

Gross: 0.45%  
Net: 0.45%

**Benchmark(s)**

Indexes are unmanaged and do not reflect the fees and expenses associated with active management. Investments cannot be made directly into an index.

- **Bloomberg Barclays (BBgBarc) U.S. Corporate High Yield Bond Index** is an index which measures the performance of fixed-rate non-investment grade bonds.

**Portfolio Management & Experience**

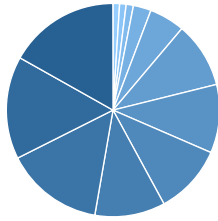
**Paul J. Ocenasek, CFA**

Portfolio Start: 1997  
Industry Start: 1987

*Risks: The Portfolio primarily invests in high-yield, high-risk bonds, notes, debentures and other debt obligations, or preferred stocks. Credit risk is the risk that an issuer of a debt security may not pay its debt, and high yield securities are subject to increased credit risk, as well as liquidity risk. Bond prices may decline during periods of rising interest rates. Leveraged loans are subject to numerous risks, including liquidity, credit, declines in the value of collateral underlying them, and detrimental legal actions against them. Convertible securities are subject to additional risks such as interest rate and market risk. The value of the Portfolio is influenced by factors impacting the overall market, certain asset classes, certain investment styles, and specific issuers. The Portfolio may incur losses due to investments that do not perform as anticipated by the investment adviser. Foreign investments involve additional risks, including currency fluctuations, liquidity, political, economic and market instability, and different legal and accounting standards. In periods when dealer inventories of bonds are low in relation to market size, there is the potential for decreased liquidity and increased price volatility in the fixed-income markets. The use of derivatives (such as futures and swaps) involves additional risks and transaction costs, which could leave the Portfolio in a worse position than if it had not used these instruments.*

December 31, 2018

## Portfolio Diversification



Energy	17.0%
Communications	15.7%
Consumer Cyclical	15.0%
Basic Industry	10.8%
Consumer Noncyclical	10.7%
Finance	10.5%
Capital Goods	10.1%
Technology	5.5%
Utilities	2.8%
Transportation	1.2%
Miscellaneous	0.5%
Cash	0.2%

## Top 10 Holdings (9.20% of Portfolio, as of 11/30/2018)

The coupon rate is the yield paid by a fixed income security. The maturity date is when the principal of the security is due and payable to the investor.

Security	% of Portfolio	Coupon Rate	Maturity Date
Sprint Corp	1.94%	7.63	02/25
Valeant Pharma Int'l, Inc.	0.93%	5.50	03/23
Intelsat Jackson Holdings SA	0.92%	5.50	08/23
Cheniere Corpus Christi Holdings, LLC	0.91%	7.00	06/24
Contura Energy, Inc., Term Loan	0.85%	N/A	11/25
Alliance Data Systems Corp	0.84%	5.38	08/22
Berry Plastics Corp	0.77%	5.13	07/23
Six Flags Entertainment Corp	0.69%	4.88	07/24
CCO Holdings, LLC	0.68%	5.88	04/24
Albertsons Companies, LLC	0.67%	6.63	06/24

## Bond Quality Rating Distribution (%)

The lower of the bond ratings assigned by Moody's Investor Services, Inc. or Standard & Poor's® Financial Services, LLC ("S&P"). Investments in derivatives and short-term investments are not included.

Category	Percentage
<b>HIGH QUALITY (HQ)</b>	
Cash	5.3
U.S. Gov't Guaranteed	—
AAA	—
AA	—
A	—
BBB	2.1
<b>HIGH YIELD (HY)</b>	
BB	31.8
B	47.7
CCC	11.4
CC	0.1
C	—
D	—
<b>OTHER</b>	
Non-Rated (NR)	1.2
ETFs/Closed-End Funds (may be (HQ/HY/NR))	0.4

<sup>2</sup>Turnover Ratio: 12-month rolling as of 11/30/2018. A measure of the Portfolio's trading activity, which is calculated by dividing the lesser of long-term purchases or long-term sales by average long-term market value.

<sup>3</sup>Source: Barclays Capital Indices, POINT. ©2019 Barclays Capital Inc. Used with permission. POINT is a registered trademark of Barclays Capital Inc. Bloomberg Barclays U.S. Aggregate Bond Index measures the performance of U.S. investment-grade bonds.

**Investing involves risk, including the possible loss of principal. The product and summary prospectus contains information on investment objectives, risks, charges and expenses. Read carefully before investing. Available at Thrivent.com. Since every investor's situation is unique, please work with a financial professional to determine which products and strategies are most appropriate for your needs and goals.**

THRIVENT IS THE MARKETING NAME FOR THRIVENT FINANCIAL FOR LUTHERANS. Insurance products issued by Thrivent. Not available in all states. Securities and investment advisory services offered through Thrivent Investment Management Inc., a registered investment adviser, member FINRA and SIPC and a subsidiary of Thrivent. Thrivent.com/disclosures

Appleton, Wisconsin • Minneapolis, Minnesota • Thrivent.com • 800-847-4836 •

## PORTFOLIO STATISTICS

Statistics shown below are compared to the Bloomberg Barclays U.S. Aggregate Bond Index. The benchmark is intended to provide a comparison to the broad U.S. bond market, and may not be representative of the Portfolio's investment strategies and holdings.

### Holdings Information

Number of Holdings	286
Turnover Ratio (last 12-months) <sup>2</sup>	37%

### Risk/Volatility Measures

**Standard Deviation:** A statistical measure of volatility. The higher the standard deviation, the riskier an investment is considered to be.

	Portfolio	BBgBarc U.S. Aggregate <sup>3</sup>
3 Year	4.13%	2.81%
5 Year	4.65%	2.77%
10 Year	6.83%	3.02%

### Fixed Income Characteristics

**Average Duration:** A measure of a portfolio's sensitivity to changes in interest rates; the longer the portfolio's duration, the more sensitive it is.

	Portfolio	BBgBarc U.S. Aggregate <sup>3</sup>
Average Duration (years)	3.9	5.9

**Weighted Average Life:** The market-value weighted average of the time remaining until the bond in the portfolio will repay principal.

	Portfolio	BBgBarc U.S. Aggregate <sup>3</sup>
Wtd Avg Life (years)	5.5	8.3